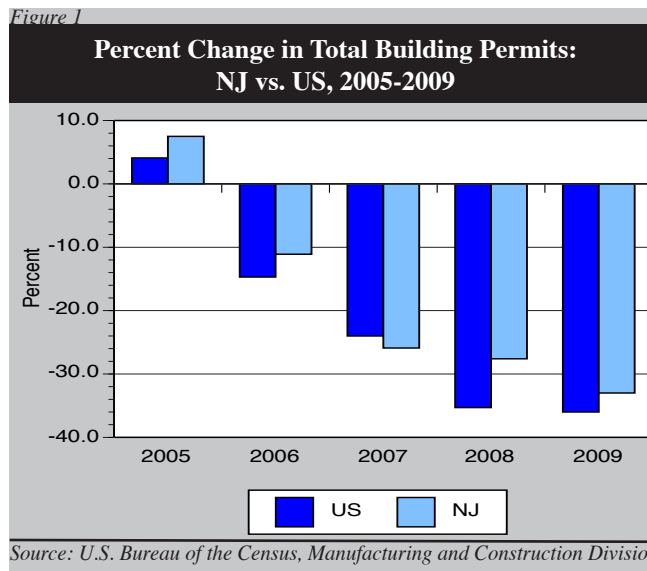


New Jersey Residential Permitting Activity Decreases in 2009 Reflecting the National Trend

by Walter Nyakanga, Division of Labor Market and Demographic Research

Recently released annual building permit data from the US Census Bureau indicates that in 2009 the local building permit offices authorized the construction of 12,421 new privately-owned housing units in New Jersey with a total estimated cost of construction of about \$2 billion. This was 5,942 units or 32.4 percent lower than the 2008 estimate of 18,363 housing units, and is the lowest number of authorizations since the Census Bureau began tracking data in 1959. The drop in demand for new privately-owned homebuilding in the state reflects the national trend of weakness in the housing market since 2007 resulting from the sub-prime mortgage crisis and worsened by the ongoing recession.



However, permitting activity in New Jersey fared better than in the nation in 2009. The state's 32.4 percent decline in permits for residential units since 2008 was less than the 35.6 percent decline experienced nationally during the same period. This marks the fourth consecutive annual decline in building permits both nationally and in the state. New Jersey also fared better than the Northeast Region which posted a 42.4 percent decline in authorizations since 2008 due to a steep drop in activity in New York (-64.5%). New York's decline had a major impact on the region as its permitting activity represented 43.4 percent of the region's total in 2008. With the exception of North Dakota (+12.8%) and Alaska (+1.7%), which each saw a rise in permitting activity over 2008, all other states experienced an over-the-year decline.

The number of housing units authorized to be built throughout the state in 2009 was 57.4 percent below the state's annual average of 29,130 units issued yearly during the decade. However, the total number of units authorized in the 2000s (291,300 units through 2009) surpassed the number of permits issued during the 1990s when only 239,100 units were planned. The 1990s total was a half-century low and well below the production levels of the 1960s (501,000 units), 1970s (405,600 units) and the 1980s (379,100 units).

Table 1

Dwelling Units Authorized by Type: New Jersey, 2008 and 2009						
Type of Dwelling	2008		2009		Change: 2008 to 2009	
	Number	Percent	Number	Percent	Number	Percent
Total Units Authorized	18,363	100.0	12,421	100.0	-5,942	-32.4
Single-Family Units	9,169	49.9	7,211	58.1	-1,958	-21.4
Two-Family Units	664	3.6	400	3.2	-264	-39.8
3-or-4-Family Units	411	2.2	206	1.7	-205	-49.9
5-or-More-Family Units	8,119	44.2	4,604	37.1	-3,515	-43.3

Source: US Bureau of the Census, Manufacturing and Construction Division

During the early and middle years of the most recent decade, demand for new housing increased due to low interest rates and lenient lending practices. From 2000 through 2007, New Jersey averaged 33,589 authorizations per year. The national recession, which began in December 2007 and was partially the result of the sub-prime lending crisis, led to tighter lending practices in the latter part of the decade which drastically impacted demand. During the last three years of the decade New Jersey issued an average of only 18,724 permits per year.

Analysis of planned homebuilding by type shows that each category posted significant declines in permitting activity since 2008. The two largest categories, single-family units and 5-

or-more family units, realized the biggest declines (-1,958 and -3,515, respectively). However, single-family units posted the smallest percentage decline (-21.4%). The 3-or-4-family units category, which accounts for only 1.7 percent of all permits issued, saw the steepest decline (-49.9%).

In the most recent decade, the multi-family categories were a significant contributor to residential construction accounting for 108,740 units or 37.3 percent of the state's 291,297 total authorizations. During the previous decade of the 1990s, they only accounted for about 17 percent of all authorized permits; however, most of the increase in the state's multi-family building activity occurred in the northern coastal counties of the state that lie close to New York City and are primarily composed of urban areas.

Table 2

Dwelling Units Authorized by Type: New Jersey, 1980-2009						
Year	Municipalities Reported	Total	Single-Family	Two-Family	3-or-4-Family	5-or-More-Family
1980	567	22,270	14,780	1,598	296	5,596
1981	567	20,676	12,329	1,422	419	6,506
1982	567	21,297	14,005	960	499	5,833
1983	567	35,897	25,539	1,346	567	8,445
1984	567	43,824	32,518	1,684	608	9,014
1985	567	55,027	39,216	2,088	752	12,971
1986	567	57,352	42,606	2,558	584	11,604
1987	567	51,462	36,497	2,408	715	11,842
1988	567	40,909	28,452	1,708	522	10,227
1989	567	30,337	20,880	1,198	334	7,925
1990	567	17,524	12,801	654	130	3,939
1991	567	14,856	12,869	402	101	1,484
1992	567	19,072	16,506	510	74	1,982
1993	567	25,188	21,340	758	129	2,961
1994	567	25,388	22,437	722	121	2,108
1995	567	21,521	18,341	670	158	2,352
1996	567	24,173	20,853	880	211	2,229
1997*	566	28,018	23,472	916	324	3,306
1998	566	31,345	25,459	1,172	221	4,493
1999	566	31,976	25,129	1,468	290	5,089
2000	566	34,585	25,260	1,844	305	7,176
2001	566	28,267	21,503	1,827	779	4,158
2002	566	30,441	22,379	2,110	742	5,210
2003	566	32,984	22,163	2,870	912	7,039
2004	566	35,936	22,429	3,300	1,476	8,731
2005	566	38,588	22,264	3,212	1,437	11,675
2006	566	34,323	17,113	3,088	1,708	12,414
2007	566	25,389	13,066	1,692	1,311	9,320
2008	566	18,363	9,169	664	411	8,119
2009	566	12,421	7,211	400	206	4,604

Note: *On July 1, 1997, Pahaquarry Twp. was incorporated into Hardwick Twp. in Warren County

Source: U.S. Bureau of the Census, Manufacturing and Construction Division

Permitting Activity Declines in Most New Jersey Counties

Only three New Jersey counties saw a slight increase in permitting activity in 2009. In Gloucester County, permits increased to 865 in 2009 from 788 in 2008. Authorizations in Hunterdon County rose to 268 in 2009 from a low of 206 in 2008. Warren County issued 165 permits in 2009 after issuing just 146 in 2008. Permits in all but five counties (Gloucester, Hudson, Hunterdon, Salem, and Warren) fell to the lowest point of the decade in 2009.

Hudson County, for the fifth consecutive year, ranked first for the number of permits issued (total and 5-or-more-family units) in New Jersey with 1,618 total units authorized. Over 86 percent of all units were for 5-or-more-family units construction, the bulk of these originated from the municipality of Jersey City (1,048 units) which accounted for 65 percent of the county's total new residential construction (1,618 units). Prior to 2005, Ocean County had led the state in permitting activity for eight consecutive years.

The high demand for housing in Hudson County began in the mid 1990s as the number of permits authorized jumped from a modest 360 units in 1996 to an annual average of 2,661 units during the 2000s. The only county to top this average was Ocean County which averaged 3,043 authorizations yearly during the same period. However, demand for new housing in Hudson County has dropped dramatically since 2008 when 3,229 permits were issued. Hudson's 2009 permitting activity was the lowest since 2001 when 1,116 permits were issued.

Table 3

Dwelling Units Authorized: New Jersey Counties, 1999-2009											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NEW JERSEY	31,976	34,585	28,267	30,441	32,984	35,936	38,588	34,323	25,389	18,363	12,421
Atlantic County	1,401	1,625	1,685	2,020	2,285	2,075	2,002	1,893	1,136	794	512
Bergen County	1,661	2,847	1,784	1,771	1,289	2,142	2,972	2,164	2,952	1,311	831
Burlington County	2,755	2,775	2,184	2,359	1,805	1,516	1,475	2,784	1,040	976	806
Camden County	867	796	757	1,160	1,934	1,413	1,706	1,183	1,191	895	585
Cape May County	1,226	1,242	1,403	1,422	1,693	2,149	2,433	1,580	1,081	485	428
Cumberland County	371	255	256	310	374	566	630	737	683	336	262
Essex County	1,343	1,491	1,548	1,588	2,235	2,343	3,128	3,284	1,854	1,314	777
Gloucester County	1,527	1,337	1,635	1,802	1,859	2,050	2,075	1,141	920	788	865
Hudson County	1,921	1,338	1,116	1,534	2,116	3,808	4,498	4,275	3,081	3,229	1,618
Hunterdon County	708	616	685	602	814	648	506	350	316	206	268
Mercer County	1,159	1,283	1,355	1,428	1,188	1,641	1,296	847	700	625	269
Middlesex County	3,102	2,460	1,884	1,999	2,306	2,622	3,206	2,567	1,597	1,020	1,018
Monmouth County	2,974	2,912	2,194	2,372	2,756	2,628	2,584	2,820	2,054	1,526	964
Morris County	1,853	2,684	1,577	1,914	1,555	1,427	2,503	1,670	1,052	795	613
Ocean County	4,192	5,633	3,830	3,534	4,009	3,818	2,904	2,114	2,160	1,527	902
Passaic County	533	457	631	689	829	763	647	850	760	432	281
Salem County	147	161	180	170	307	334	297	298	148	198	149
Somerset County	2,146	2,282	1,439	1,530	1,260	1,362	1,220	1,058	924	791	438
Sussex County	687	719	808	679	587	612	668	603	359	296	182
Union County	513	776	551	681	1,198	1,399	1,278	1,593	1,123	673	488
Warren County	890	896	765	877	585	620	560	512	258	146	165

Source: U.S. Bureau of the Census, Manufacturing and Construction Division

Middlesex (1,018 units) and Monmouth (964 units) counties ranked second and third, respectively. Ocean County, which ranked second for four consecutive years, dropped to fourth place with 902 units authorized, and Gloucester County (865 units) rounded out the top five.

A large proportion (43.2%) of the planned residential construction in the state was authorized in the top five counties. While Hudson and Ocean Counties have been perennially two of the top destinations for homebuilders in the state since 2004, Monmouth, Gloucester, and Middlesex counties are relative newcomers as a top choice for planned new residential construction activity.

The past year continued a trend that began in mid-decade as the more urban norther counties of the state established themselves as leaders in new home construction on the strength of multi-family permits while the demand for new housing in the suburban coastal counties continues to be primarily for single-family units. In top-ranking Hudson County, 98 percent of the total units planned in 2009 were in the multi-family categories which is in sharp contrast to the type of construction being planned in suburban Ocean County. In Ocean County, which has led the state since 1993 for the highest issuance of building permits for single-family units, 97 percent of the total planned home construction was in the single-family category.

Table 4

Dwelling Units Authorized by Type: New Jersey Counties, 2009						
	Total Value	Total Units	Single-Family Units	Two-Family Units	3-or-4-Family Units	5-or-More-Family Units
New Jersey	\$2,070,885,388	12,421	7,211	400	206	4,604
Atlantic County	64,849,315	512	486	4	11	11
Bergen County	231,733,532	831	544	72	25	190
Burlington County	116,341,627	806	461	0	3	342
Camden County	67,695,360	585	267	4	23	291
Cape May County	94,370,645	428	266	48	0	114
Cumberland County	28,009,327	262	222	0	3	37
Essex County	107,286,929	777	227	42	65	443
Gloucester County	108,947,095	865	612	30	0	223
Hudson County	367,161,204	1,618	84	90	50	1,394
Hunterdon County	36,866,458	268	189	2	3	74
Mercer County	46,950,549	269	178	8	0	83
Middlesex County	123,964,307	1,018	603	4	6	405
Monmouth County	171,207,781	964	753	4	7	200
Morris County	108,616,830	613	328	2	3	280
Ocean County	158,441,116	902	874	0	0	28
Passaic County	34,834,089	281	147	32	0	102
Salem County	14,046,463	149	50	0	0	99
Somerset County	65,204,313	438	358	0	0	80
Sussex County	35,546,475	182	163	4	0	15
Union County	66,593,590	488	234	54	7	193
Warren County	22,218,383	165	165	0	0	0

Source: U.S. Bureau of the Census, Manufacturing and Construction Division

Jersey City Leads All Municipalities in 2009

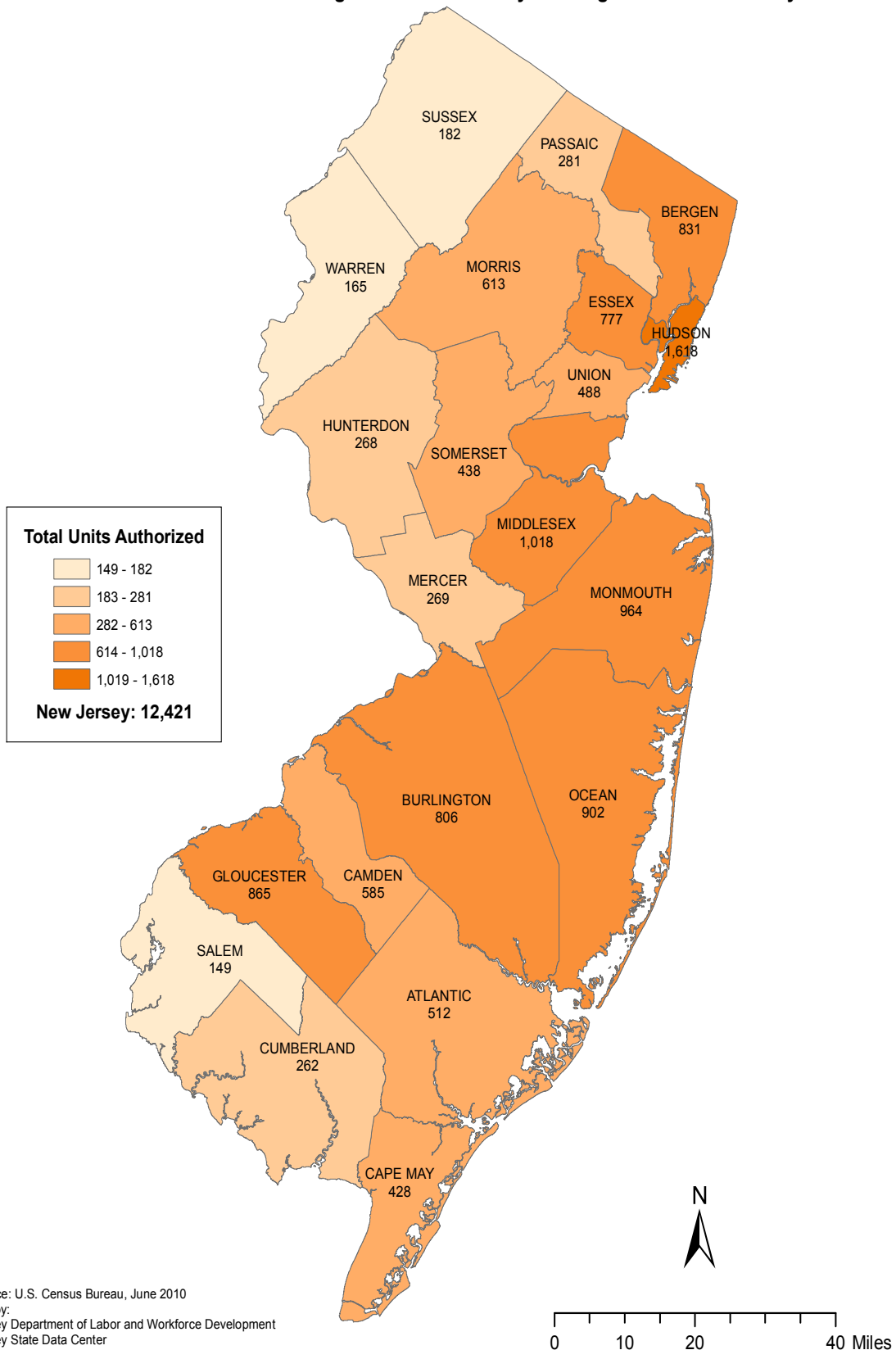
For the fifth consecutive year, Jersey City led all New Jersey municipalities with 1,048 housing units authorized in 2009, on the strength of permitting for multi-family units. In fact, planned construction in Jersey City was higher than the county total in all but one of the state's 21 counties. Newark (Essex County) came in second with 477 planned units, Monroe Township (330 units, Middlesex County) and Riverdale Borough (222 units, Morris County) were third and fourth respectively, and Gloucester County's Deptford Township (201 units) rounded out the top five municipalities.

Planned construction of housing units among the municipalities was fairly distributed, with Middlesex County having four municipalities in the top twenty-five municipalities, while Hudson and Gloucester counties had three municipalities each. In addition, the following counties had two municipalities each among the top 25 in the state: Burlington, Camden, Monmouth and Ocean counties. The top 25 municipalities accounted for 40.4 percent of the state's total units authorized in 2009.

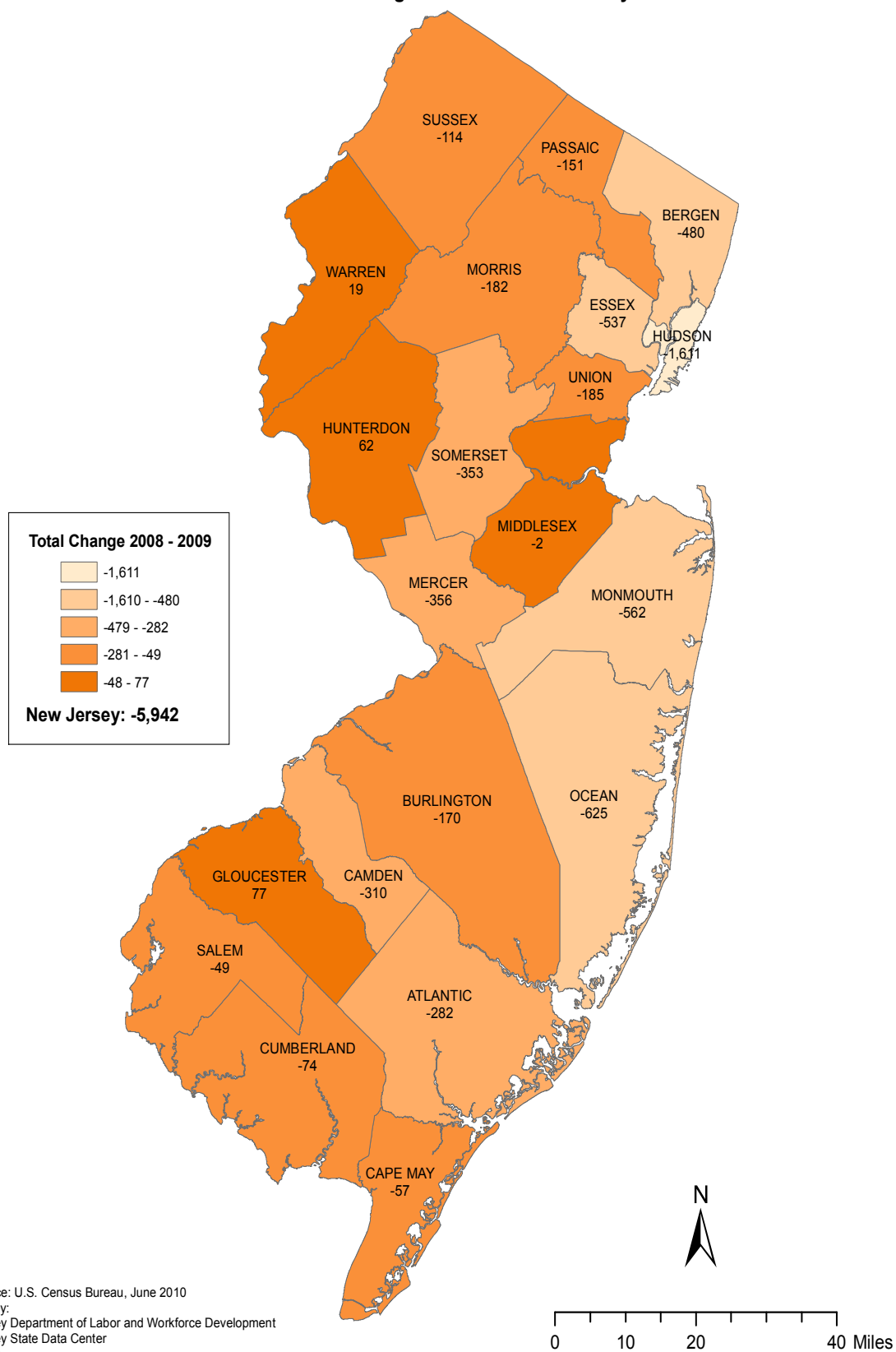
Table 5

Dwelling Units Authorized by Type: Top 25 New Jersey Municipalities Ranked by Total Units Authorized, 2009						
Municipality	County	Total Units	Single- Family- Units	Two- Family- Units	3-or-4 Family- Units	5-or-More- Family- Units
Jersey City	Hudson	1,048	21	40	6	981
Newark	Essex	477	1	38	53	385
Monroe township	Middlesex	330	325	0	0	5
Riverdale borough	Morris	222	2	0	0	220
Deptford township	Gloucester	201	72	0	0	129
Camden	Camden	197	44	4	23	126
Woolwich township	Gloucester	180	94	0	0	86
East Greenwich township	Gloucester	175	175	0	0	0
Lebanon borough	Hunterdon	169	118	0	0	51
Rahway	Union	154	6	0	0	148
Hoboken	Hudson	149	1	0	19	129
Barnegat township	Ocean	142	142	0	0	0
Manalapan township	Monmouth	142	142	0	0	0
Egg Harbor township	Atlantic	139	139	0	0	0
Franklin township	Somerset	138	138	0	0	0
Delanco township	Burlington	132	29	0	3	100
Evesham township	Burlington	131	15	0	0	116
Carteret borough	Middlesex	127	25	2	0	100
Voorhees township	Camden	119	5	0	0	114
Perth Amboy	Middlesex	114	2	0	0	112
West New York town	Hudson	112	0	6	10	96
Jackson township	Ocean	110	110	0	0	0
Lower township	Cape May	110	18	2	0	90
New Brunswick	Middlesex	104	21	0	6	77
Long Branch	Monmouth	98	20	4	3	71
Source: U.S. Bureau of the Census, Manufacturing and Construction Division						
Prepared by: New Jersey Department of Labor and Workforce Development, June 2010						

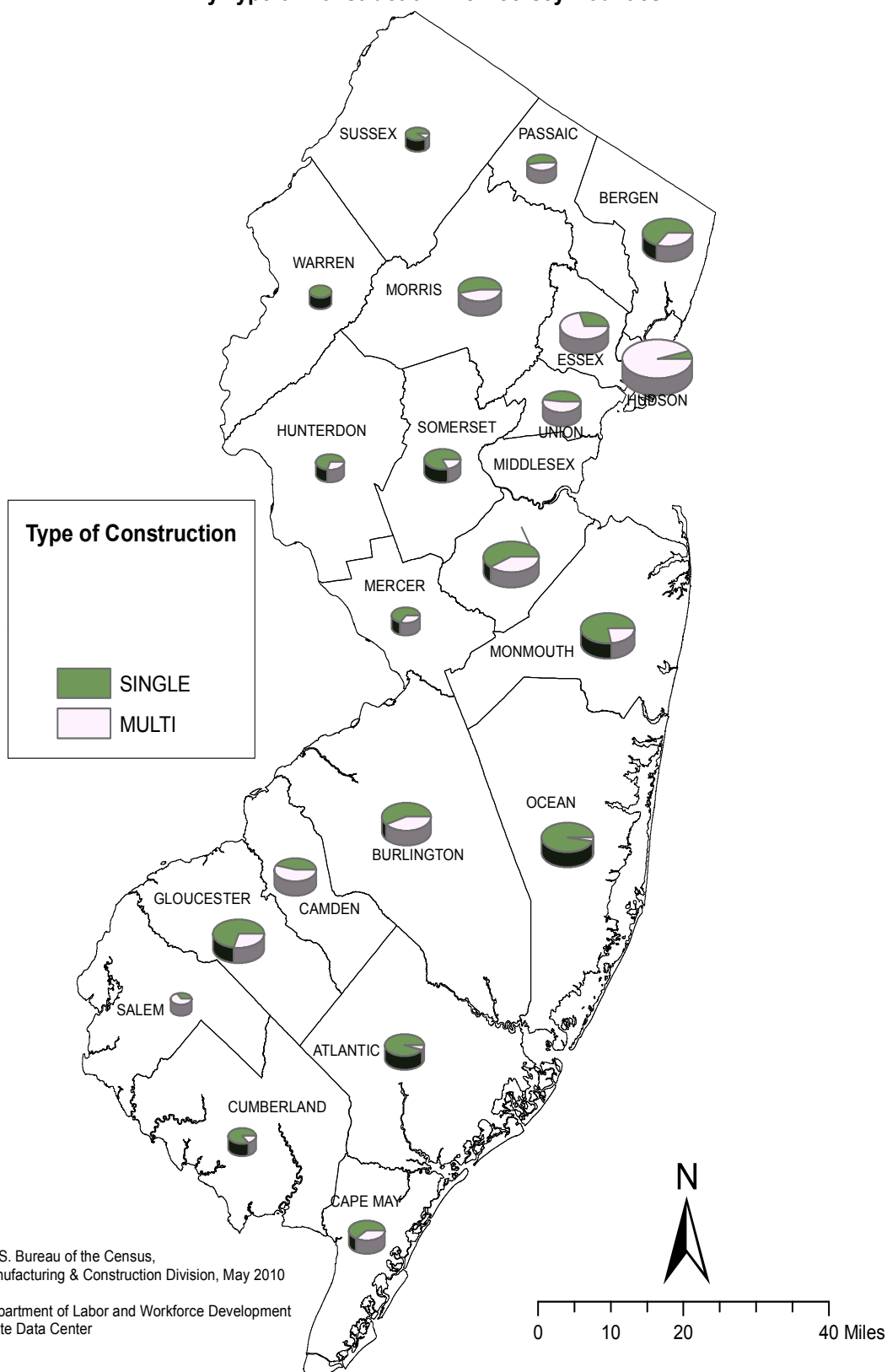
2009 Residential Housing Units Authorized by Building Permits: New Jersey Counties



**Residential Housing Units Authorized by Building Permits:
Annual Change 2008 - 2009 New Jersey Counties**



2009 Residential Housing Units Authorized by Building Permits By Type of Construction: New Jersey Counties



Data Availability

Detailed residential building permit data for New Jersey, its counties, as well as all 566 municipalities are available from the New Jersey Department of Labor and Workforce Development on the Internet @ (http://lwd.dol.state.nj.us/labor/lpa/industry/bp/bp_index.html). For more information, please contact the New Jersey Department of Labor and Workforce Development, Division of Labor Market & Demographic Research, P.O. Box 388 Trenton, NJ 08625-0388. Telephone: (609) 984-7349. Email: Walter.Nyakanga@dol.state.nj.us